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European Review

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3 January 1986

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European Review

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Some articles are preliminary views of a subject or speculative, but the contents normally will be coordinated as appropriate with other offices within CIA. Occasionally an article will represent the views of a single analyst; these items will be designated as uncoordinated views. Comments may be directed to the authors.

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Briefs**West Germany****The Greening of the CDU**

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West Germany's Christian Democrats increasingly are stressing environmental problems, which polls indicate are second only to the economy as a concern of the electorate. Last October, a state CDU congress in Baden-Wuerttemberg adopted a "Green Charter" with numerous proposals—some of them controversial—for limiting pollution. In November, the Hessen Christian Democrats passed a similar program urging that environmental damage become a production cost for industry along with capital and labor. The party's youth affiliate in Hessen has suggested the creation of an environmental ministry in Bonn similar to that formed by the new SPD-Green state government in Wiesbaden.

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The Christian Democrats will hope to capitalize on the issue in the campaign for the Bundestag election in January 1987. Their new tactic is likely to win over some middle-class voters from the Greens, who already are falling in the polls following the decline of peace movement activity. Another result could be greater reluctance by CDU-led state and local governments to support US military construction plans and other measures that might threaten the environment.

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West Germany**No Speed Limits**

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Bonn has decided against a national speed limit on the autobahns. A 10-month, large-scale test showed that a 60-mph limit would reduce nitrogen oxide pollution by only 10 percent. The government has concluded that catalytic converters will be a far superior method to reduce emissions and is calling on drivers to switch to cars equipped with this device. Such cars now make up only 26 percent of new auto sales, but market specialists predict that with tax incentives now in effect this will reach 75 percent by 1987.

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Automakers, who regard unrestricted autobahn speeds as a strong selling point for their high-performance cars, are pleased with the decision. The opposition Social Democrats and Greens, on the other hand, have been sharply critical, calling the experiment a fraud. The Social Democratic state governments in the Saar and Bremen say they will impose speed restrictions of their own. The decision also is likely to upset West Germany's neighbors. A speed limit would have helped their own automakers compete with West Germany's and, in addition, the EC Commission wants a uniform EC speed limit.

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Table 2 *Percent of total*
Current East-West Military Balance

	CDU/CSU	SPD
East is superior	63	10
Both sides are equal	33	67
West is superior	4	23

Source: Science Center Berlin Mail Survey, 1983.

Just over half of the Social Democrats agreed, but over 40 percent said Soviet policy was basically defensive.

Party elites also differ over the East-West military balance. Majorities in both parties agreed that a military equilibrium is important to preserving peace, but over 60 percent of the Christian Democrats said that the East currently is militarily superior to NATO. By contrast, two-thirds of the Social Democrats said both sides are equally strong. Probably as a result, the Christian Democrats were almost twice as likely as the Social Democrats to say that increases in conventional forces are important to the Alliance.

Support for NATO and Detente

West German elites are even more united than the general public in endorsing West Germany's membership in the Alliance. One elite study notes a unanimous and "unshakable" conviction that NATO will remain essential for the foreseeable future. In the 1983 Berlin Science Center survey, large majorities in both parties rejected neutralism and said Bonn's influence would be less if it did not belong to the Alliance. Nonetheless, many Social Democrats were skeptical of NATO's concrete benefits. A third denied that NATO had been essential to maintaining peace in Europe since 1949, and a large minority said NATO was a constraint on Bonn's policy toward the East.

Table 3 *Percent of total ^a*
**Military Strength
a Precondition for Detente?**

	CDU/CSU	SPD
Agree	58	12
Agree somewhat	33	15
Disagree somewhat		36
Disagree	8	36

^a Columns do not sum to 100 because of rounding.

Source: Science Center Berlin Mail Survey, 1983.

Elite members agree on the need to pursue East-West detente. In the Berlin survey, Christian Democrats and Social Democrats overwhelmingly said detente is of at least moderate importance for West German policy, although SPD members were more likely to assign it extreme importance. Seventy percent of the Social Democrats and over half of the Christian Democrats said progress toward disarmament is important for Alliance cohesion.

The Social Democratic leaders, however, strongly tend to support detente as a value in itself, while Christian Democrats saw it only as a single aspect of Alliance policy. For instance, most of the Social Democrats said military strength should not be a precondition for detente, that detente should be pursued independently of the military balance, and that East-West trade should be kept separate from political considerations. The Christian Democrats overwhelmingly disagreed on all three counts. The results suggest the SPD leaders would support detente despite virtually any conceivable Soviet armaments measures or military actions outside Western Europe.

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Table 4 *Percent of total*
West German Unilateral Disarmament

	CDU/CSU	SPD
Favor	4	57
Oppose	96	41
No opinion	0	2

Source: Science Center Berlin Mail Survey, 1983.

The Christian Democrats theoretically link detente to maintaining the military balance, but they also stress that NATO's pursuit of good relations with the East is essential to maintaining public support for an adequate defense.

Military Issues

These differing perspectives lead to disagreements over West German military policies. The Christian Democrats, for instance, are almost twice as likely as the Social Democrats to say that national commitments to strengthen conventional forces are important for Alliance cohesion. The Christian Democrats also were far more likely to say current military spending levels are about right—two-thirds of the Social Democrats called for reductions—and to support real 3-percent annual increases as agreed by NATO. Most of the Social Democrats agreed that Bonn “should take independent unilateral steps toward disarmament as a sign of good will to set the process in motion”—a position the Christian Democrats almost unanimously rejected.

The survey also found large differences on nuclear issues:

- Three-quarters of the Christian Democrats said peace in Europe would not have been maintained in recent years without the existence of nuclear weapons in NATO and the Warsaw Pact. Social Democrats disagreed by almost a 2-to-1 margin.
- Over 90 percent of the Christian Democrats said INF deployment would increase European security, while three-quarters of the Social Democrats said the opposite.

Table 5 *Percent of total*
Nuclear Weapons Have Assured Peace

	CDU/CSU	SPD
Agree	76	30
Disagree	16	57
Undecided	8	13

Source: Science Center Berlin Mail Survey, 1983.

- The two parties consequently differed over proposals for a moratorium on initial INF deployments, with 80 percent of the Social Democrats in favor and 70 percent of the Christian Democrats opposed.

Even many Christian Democrats, however, expressed uneasiness about NATO's reliance on nuclear weapons. Only about a third said the use of nuclear weapons would be justified in response to a Warsaw Pact conventional attack—a possibility implicit in the strategy of flexible response. Almost half said the East and the West should agree to renounce first use of nuclear weapons—as the Soviets have proposed repeatedly—and 40 percent said the superpowers should freeze their nuclear arsenals. Few thought Bonn should strive for an increase in NATO's nuclear weapons in order to deal with Moscow from a position of strength. This unease about nuclear weapons probably in large part explains the Christian Democrats' support for both arms control negotiations and stronger conventional defenses.

Implications

In practice, policy differences between the major parties probably are smaller than suggested by the studies. Both have conducted more moderate foreign and security policies in power than in opposition, largely because of international constraints, pressures from their Free Democratic coalition partners, and the desire to win over centrist voters. Chancellor Kohl, for instance, has continued the Eastern policies of SPD-led governments, and his real military spending increases have averaged less than those under Chancellors Brandt and Schmidt.

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Table 6 *Percent of total*
Use of Military Force

	CDU/CSU	SPD
Never	20	42
Conventional only in response to conventional attack	4	23
Nuclear, in response to nuclear attack	40	24
Nuclear, in response to conventional attack	36	8
Other responses	0	3

Source: Science Center Berlin Mail Survey, 1983.

Nonetheless, we believe the studies accurately measure underlying attitudes prevalent among both parties' activists and leaders. Those attitudes may make it difficult for the parties to moderate either policies or rhetoric to maximize their electoral appeal. SPD chancellor candidate Johannes Rau, for example, is trying to cultivate a pro-NATO image, but various high-ranking Social Democrats continue to castigate a range of Alliance and US policies. A rightwing faction within the Christian Democratic Bundestag group is criticizing the Kohl government's pursuit of better relations with East Germany and Poland and its general emphasis on East-West detente.

Conflicting attitudes on security also limit prospects for revitalizing the consensus on military and Alliance issues that was shaken by the INF debate. Bundestag hearings in 1984 reached agreement on the need to raise the nuclear threshold by relying more on conventional defenses, and leaders of both parties have said that NATO must continue to depend on nuclear deterrence for the foreseeable future. The parties' conflicting assessments of Soviet foreign policy and the military balance, however, make agreement unlikely on concrete measures to bolster

Alliance defenses. Further, the parties are likely to play up their differences on a range of issues—from length of military service to SDI participation—in the runup to the election in January 1987. As a result, both parties would find it hard to form a CDU/CSU-SPD coalition if both the current government and the Social Democrats fail to win an absolute majority in the election. We do not rule out that possibility, but it almost certainly would provoke more dissent within both parties than did the Grand Coalition of 1966-69, when security issues were much less contentious between the parties.

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Yugoslavia: Croatia Defends Status Quo

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Croatia, Yugoslavia's second-largest and second-most-developed republic, has long been a problem case for officials in Belgrade. Croatsians have worried that Serbia, the largest republic and site of the federal capital, is intent on dominating national policy, and they have fought to protect their regional interests. The present leaders—most installed by Tito after he broke up the liberal Croatian movement of 1971—continue the struggle to retain power at the republic level, despite generally orthodox ideological views.

however, does not appear concerned that republic leaders will deny her a leading position at home when her unrenowable term expires next May.

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Senior politicians—many of whom distrust free market practices—rarely express outright opposition to unleashing market forces, but many undercut such a policy in practice. On the surface, the republic government does not appear to retain as tight a grip over enterprises as in most other republics. Instead, individual Croatian leaders apparently manipulate economic decisions for their own purposes through a web of personal connections and patronage.

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Croatia and Reform: Defending the Status Quo

Croatian leaders rhetorically support the reformist economic stabilization program adopted by the Federal Government and party in 1983 but are among the most vocal critics of specific proposals for change. Unlike their Slovene neighbors, however, the Croatsians offer no coherent alternative to current reform proposals—generally formulated by a coalition of southern leaders and some federal officials—but rather defend the status quo. US diplomats report that many senior Croatsians prefer a static political and economic environment and favor cautious change “within the system.”

Opinions below the senior leadership are mixed. On the one hand, US diplomats report that most economists, enterprise managers, bankers, and mid-level government officials favor the reformist stabilization program. On the other hand, an equally numerous group—which has secured its position through personal connections or by following a strict Marxist line—opposes changing the present system. During the past year, more dogmatic Communists, such as Zagreb University's “New Left” group, have been increasingly open in assailing market mechanisms.

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Senior Croatsians generally resist efforts by the southern regions to return power to federal authorities on many economic matters. The republic repeatedly has fought to prevent loss of its power to Belgrade, most recently joining Slovenia in obstructing fundamental changes in the country's foreign exchange system. Officials in Zagreb expect Croatsians at the federal level to support these efforts.

Croatian leaders are angry that Premier Planinc, a former Croatian party head, is a leading proponent of strengthening the federal government's economic authority. Planinc,

Views on Political Reform

Croatian leaders disagree over specific changes in the political system but generally unite in rejecting major shifts in the national distribution of power. Leaders from most camps publicly oppose changing the constitution. Discussion at recent republic and federal party plenums, however, indicates that senior figures continue to argue over changing federal party statutes to enhance central authority. Many Croatian leaders appear torn between their ideological preference for a tight system and their desire to protect their own autonomy.

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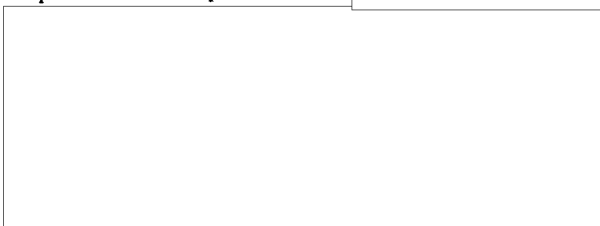
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Within the republic, Zagreb has recently proposed or enacted changes in both party and state systems but seemingly for purposes other than reform. Over the past two years, for example, the republic has mandated multiple-candidate elections for government and some party positions. The new rules, however, appear to be largely an exercise in domestic public relations since all candidates will be cut from the same cloth. One US Consulate Zagreb source stated last year that the intent is not to offer alternative philosophies or solutions. Moreover, last June the Croatian party formalized republic leaders' control over all nominations for important party positions. []

Isolated and Fragmented Leadership

Imposed from outside the republic by Tito, Croatian leaders have been unable to establish much legitimacy. The current leadership replaced those officials whom Tito purged in 1972 after they joined forces with nationalist groups in pressing for greater autonomy and liberal changes in the Communist system. []

Severe internal fragmentation appears to exacerbate feelings of insecurity. Even during the period when Tito's trusted partisan comrade Vladimir Bakaric, who died in 1983, acted as referee, personal disputes kept the leadership in turmoil. []



Compared with other regions, ethnic differences among senior leaders appear to play a lesser role in republic politics. Serbs, who are the largest minority in Croatia, and other groups are represented at senior levels. US diplomats report that Croatia tries to provide ethnic as well as regional balance among republic officeholders. []

The number of powerful individuals at the republic level is relatively small, but the leadership as a group does not exercise as much authority as in other republics, such as Bosnia-Herzegovina:

- The 11-member republic party Presidium seems to be the most powerful political body, but policy questions often undergo acrimonious debate in the Central Committee before resolution.
- The republic government takes the lead on economic policy. Premier Ante Markovic, however, is a businessman and not a bona fide member of the entrenched Zagreb political elite. The republic Assembly appears to influence Croatia's economic policy positions but acts more as a rubberstamp on matters concerning the political system.
- On the basis of available media reports, the republic presidency appears to deal infrequently with central policy questions—despite the presence of several well-known politicians. []

Zagreb's authority at the county and municipal levels seems tenuous on many matters. Media and US diplomatic reports indicate that local officials can—and often do—ignore or block republic policies. The republic party Presidium, for example, proposed last September that recent elections in at least nine localities be invalidated because local officials had ignored instructions to list multiple candidates and hold secret balloting. Networks of officials in the local party, government, trade unions, and veterans' organization appear to wield decisive influence over the implementation of policy at the local level. []

Senior officials, in turn, often ignore lower-level opinions in formulating policy. Media sources, for example, reported last October that a “public discussion” of proposed amendments to the republic

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constitution—which directly affected the status of municipalities—occurred in only 86 of the republic's 113 localities. Local interests, however, can work through informal channels. The US Consulate in Zagreb reported last summer that the Croatian business community had heavily influenced the republic's specific proposals on the foreign exchange system. []

Methods of Control

The leadership's loss of some traditional methods of control has contributed to the fragmentation in Croatian politics. According to the press, a Croatian party conference held in May 1983 concluded that many local party organizations frequently do not function at all and that when active they generally concern themselves with unimportant matters. The Socialist Alliance front organization, a channel for influencing nonparty members, apparently has all but disappeared below the leadership level. []

Croatian leaders nonetheless have a number of tools available to keep the republic quiet. Despite known instances of security officials aligning with local or factional interests, the security organs can be expected to defend the leadership from genuine threats to its position. Moreover, senior leaders determine the cadre lists that assign party members to important positions. Finally, Croatian leaders use their informal networks to monitor and influence lower-level officials. Some party leaders publicly complain that these informal channels often supersede aboveboard, official communication. []

The Economy: Problems Amidst Prosperity

By Yugoslav standards, Croatia's economy appears relatively prosperous. The republic approximates the Yugoslav average in relative reliance on industry and agriculture in aggregate production but has a disproportionately large service sector—especially tourism and transportation. The standard of living is the second highest in Yugoslavia, behind Slovenia; Croatia also is a net hard currency earner. In the first six months of 1985, only 7.5 percent of the labor force was unemployed, well below the 14-percent average for Yugoslavia. []

Nonetheless, the Croatian leadership is deeply concerned about the republic's economic difficulties:

- The republic is highly dependent on large, inefficient industries. Croatia accounts for one-third of annual losses in national business, well above its share of national output. A Zagreb news magazine reported early this year that within Croatia the largest firms and most developed localities show by far the worst economic performance. 25X1
- Croatia is more dependent on the sale of capital goods for export earnings than are other regions and is therefore extremely sensitive to the health of Western economies. Moreover, Croatian industries are heavily dependent on imported raw materials and intermediate parts that require scarce hard currency.
- The US Consulate reports that Croatian enterprises are forgoing modernization in order to pay off debts. Yet press reports indicate that economic sectors that the republic has chosen to spearhead mid-term, export-oriented growth—such as electronics—are already far behind world technological standards. 25X1

Outlook

The leadership's ability to maintain its present thin legitimacy will depend in part on how well it defends the republic's economic interests. While a serious economic downturn is unlikely, such a development would stimulate nationalist protest and probably unite disgruntled midlevel officials against the leadership. Croatian leaders, therefore, will continue to oppose major changes in the economic system. [] 25X1

The leadership may prove more flexible on some political questions. Ultimately, senior leaders must hold on to the stamp of authority given by Tito and the party in 1972, and they will probably support some measures intended to bolster the central party, 25X1

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such as strengthening federal party executive bodies.
Nonetheless, Zagreb will continue to resist any
significant change in the national distribution of
power, particularly through constitutional changes.

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Economic News in Brief

Western Europe

Sweden, Norway, Denmark implementing additional economic sanctions against South Africa . . . follows October agreement of Nordic Foreign Ministers to extend scope . . . Norwegian ban on oil sales and transport are most significant measures . . . Pretoria will find other sources.

National Assembly approved issue of commercial paper in France . . . allows large borrowers and savers to make direct deals without banks intervening and lower interest rate to borrowers . . . part of continuing Socialist effort to free capital markets.

Ottawa has unveiled plan to levy a minimum tax on incomes, vastly complicating tax system and permitting double taxation of dividends . . . supposed to raise \$328 million in 1986, but total certainly will be diminished by tax-averaging provisions that allow some deductions to be carried forward.

Poor harvests will dim prospects for hard currency trade by Bulgaria and Romania . . . grain imports may increase fivefold in Bulgaria and nearly triple in Romania . . . grain exports will decline sharply. 25X1

Yugoslavia's balanced federal budget for 1986 reduced by 9 percent after pressure from republics and provinces . . . illustrates continuing regional strength in country's decentralized political system. 25X1

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Eastern Europe

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Hungary signed \$400 million loan package in early December . . . brought total borrowing for 1985 to nearly \$2 billion . . . included first note issuance facility for a CEMA country (a line of credit extended through the sale of Hungarian notes to commercial investors).

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